

NOTICE OF PROPOSED CHANGES IN REGULATIONS OF THE  
CALIFORNIA DEPARTMENT OF SOCIAL SERVICES (CDSS)

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ITEM # 1 Treatment of Motor Vehicles for CalWORKs Program

CDSS hereby gives notice of the proposed regulatory action(s) described below. Any person interested may present statements or arguments orally or in writing relevant to the proposed regulations at a public hearing to be held August 8, 2018, as follows:

Office Building # 8  
744 P St. Room 103  
Sacramento, California

The public hearing will convene at 10:00 a.m. and will remain open only as long as attendees are presenting testimony. The purpose of the hearing is to receive public testimony, not to engage in debate or discussion. The Department will adjourn the hearing immediately following the completion of testimony presentations. The above referenced facility is accessible to persons with disabilities. If you need a language interpreter at the hearing (including sign language), please notify the Department at least two weeks prior to the hearing.

Statements or arguments relating to the proposals may also be submitted in writing, email, or by facsimile to the address/number listed below. All comments must be received by 5:00 p.m. on August 8, 2018.

Following the public hearing CDSS may thereafter adopt the proposals substantially as described below or may modify the proposals if the modifications are sufficiently related to the original text. With the exception of nonsubstantive, technical, or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption to all persons who testify or submit written comments during the public comment period, and all persons who request notification. Please address requests for regulations as modified to the agency representative identified below.

Copies of the express terms of the proposed regulations and the Initial Statement of Reasons are available from the office listed below. This notice, the Initial Statement of Reasons and the text of the proposed regulations are available on the internet at <http://www.cdss.ca.gov/inforesources/Letters-Regulations/Legislation-and-Regulations/CDSS-Regulation-Changes-In-Process-and-Completed-Regulations/Public-Hearing-Information>. Additionally, all the information which the Department considered as the basis for these proposed regulations (i.e., rulemaking file) is available for public reading/perusal at the address listed below. Following the public hearing, copies of the Final Statement of Reasons will be available from the office listed below:

Office of Regulations Development  
California Department of Social Services  
744 P Street, MS 8-4-192  
Sacramento, California 95814

TELEPHONE: (916) 657-2586  
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## CHAPTERS

Manual of Policies and Procedures sections 42 and 80

### INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

The proposed regulations amend the treatment of motor vehicles in the CalWORKs program. Assembly Bill (AB) 74 (Chapter 21, Statutes of 2013) does the following:

1. Allows CalWORKs applicants and recipients to retain non-exempt motor vehicles that have an equity value of \$9,500 or less.
2. Allows CalWORKs applicants and recipients to self-certify the encumbrances (owed amount, if any) of all motor vehicles in the Assistance Unit (AU).
3. Repeals the previous exemption for a motor vehicle with an equity value of \$1,501 or less.
4. Adds a new exemption for all motor vehicles in which ownership has been transferred to a client as a gift, donation or family transfer.

Senate Bill (SB) 98 (Chapter 258, Statutes of 2013) further amends the treatment of vehicles to reference “licensed and unlicensed” vehicles as “motor” vehicles.

Current CalWORKs regulations exempt the entire value of any motor vehicle in the AU if any of the following applies:

1. It is primarily used for income-producing purposes.
2. Annually, it produces income that is consistent with its fair market value (FMV) even if used on a seasonal basis.
3. It is necessary for long distance travel, other than daily commuting, that is essential to the employment of a household member.
4. It is used as the family’s residence.
5. It is necessary to transport a physically disabled family member, including an AU excluded disabled family member, regardless of the purpose of the transportation.
6. It would be exempted under (1) through (4), but the vehicle is not in use because of temporary unemployment.
7. It is used to carry fuel for heating or water for home use, when the transported fuel or water is the primary source of fuel or water for the family.
8. The equity value of the vehicle is \$1,501 or less.

County Welfare Departments (CWDs) determine the fair market value (FMV) for non-exempt motor vehicles by using Kelley Blue Book values or an estimate of the motor vehicle’s value. Any amount exceeding the FMV of \$4,650, regardless of any encumbrances, would count toward the family’s resource level.

The proposed amendments will adopt a new methodology to evaluate motor vehicles as property in the CalWORKs program when determining resource eligibility. CalWORKs applicants and recipients will self-certify the FMV and/or encumbrances of all motor

vehicles in the assistance unit using a new form, the CW 80 (Self-Certification Form for Motor Vehicles), or by completing the motor vehicle section on the appropriate statement of facts. The motor vehicle's equity value is the FMV less the encumbrances. However, CalWORKs regulations continue to follow methods established under the CalFresh program on excluding personal property resources, such as education and retirement accounts, when evaluating property. Further proposed amendments will emphasize that CalWORKs regulations specifically exempt certain retirement and education accounts in the CalWORKs program. Additionally, the resource limits for CalWORKs families have increased from \$2,000 to \$2,250 and from \$3,250 to \$3,500 for CalWORKs households with an elderly or disabled household member, to be compatible with CalFresh asset limit increases for CalFresh households. These new resource limit amounts and references to CalFresh will be amended in the property section of CalWORKs regulations.

**Consistency:**

The CDSS conducted a review of existing regulations and evaluated the proposed regulations for any inconsistency or incompatibility. The CDSS has found that these are the only regulations concerning the treatment of motor vehicles in the CalWORKs program. Therefore, the proposed regulations are neither inconsistent nor incompatible with existing regulations or statutes, and fulfill the intent of AB 74 and SB 98.

**Benefits:**

This regulatory action will benefit the health and welfare of California residents by allowing CalWORKs families to own motor vehicles valued at \$9,500 or less without losing their CalWORKs eligibility. The amended and adopted regulations will increase the likelihood of stable families moving towards self-sufficiency, resulting in a positive economic impact to the state. This regulatory action does not make changes to regulations involving worker safety or the state's environment, as the regulations only affect individuals participating in the CalWORKs program. In addition, the proposed regulations will make other technical, conforming changes, such as adopting, amending, and repealing sections as necessary.

**The following form is being incorporated by reference:**

CW 80 (2/18) – Self-Certification Form For Motor Vehicles - CalWORKs

**COST ESTIMATE**

1. Costs or Savings to State Agencies: With the implementation of this policy in January 2014, the impact of AB 74 is included in the CalWORKs caseload and expenditure trends under CalWORKs grants, employment services, administration, and child care and is not budgeted separately. The last estimate provided, as reflected in the 2014-15 Appropriation, reflected \$78,000 in general fund costs.
2. Costs to Local Agencies or School Districts Which Must Be Reimbursed in Accordance With Government Code Sections 17500 - 17630: With the implementation of this policy in January 2014, the impact of AB 74 is included in the CalWORKs caseload and expenditure trends under CalWORKs grants,

employment services, administration, and child care and is not budgeted separately. The last estimate provided, as reflected in the 2014-15 Appropriation, reflected \$8.000 in county costs.

3. Nondiscretionary Costs or Savings to Local Agencies: None
4. Federal Funding to State Agencies: With the implementation of this policy in January 2014, the impact of AB 74 is included in the CalWORKs caseload and expenditure trends under CalWORKs grants, employment services, administration, and child care and is not budgeted separately. The last estimate provided, as reflected in the 2014-15 Appropriation, reflected \$2.049,000 in TANF costs. This reflects federal funding (including state operations costs).

## **LOCAL MANDATE STATEMENT**

These regulations do impose a mandate upon local agencies and school districts. If the Commission on State Mandates determines that these regulations contain reimbursable costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

## **STATEMENT OF SIGNIFICANT ADVERSE ECONOMIC IMPACT ON BUSINESS**

CDSS has made an initial determination that the proposed action will not have a significant, statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states. This determination was made based on the fact that this regulatory change was designed to impact only the CalWORKs population in order to aid them in achieving economic self-sufficiency.

## **STATEMENT OF POTENTIAL COST IMPACT ON PRIVATE PERSONS OR BUSINESSES**

CDSS is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

## **SMALL BUSINESS IMPACT STATEMENT**

CDSS has determined that there is no impact on small businesses as a result of filing these regulations because these regulations are only applicable to current clients and assistance units of the CalWORKs program and the state and county agencies.

## **STATEMENT OF RESULTS OF ECONOMIC IMPACT ASSESSMENT**

The adoption of the proposed amendments will neither create nor eliminate jobs in the State of California nor result in the elimination of existing businesses or create or expand businesses in the State of California. There are no additional benefits for worker safety and the state's environment as the regulations only affect families participating in the CalWORKs program. This regulatory action will benefit the health and welfare of California residents by giving county workers more administrative flexibility regarding the evaluation of motor vehicles.

The following documents were relied upon in proposing the regulatory action: Welfare and Institutions Code section 11155, Food and Nutrition Act of 2008, and the United States Department of Agriculture, Food and Nutrition Services (FNS) – Administrative Notices (AN) 14-55, 14-56, and 17-30 and All County Letters No. 14-107 and 17-108.

## **STATEMENT OF EFFECT ON HOUSING COSTS**

The proposed regulatory action will have no effect on housing costs.

## **STATEMENT OF ALTERNATIVES CONSIDERED**

In developing the regulatory action, CDSS considered the following alternatives with the following results: No alternatives have been presented for review.

CDSS must determine that no reasonable alternative was considered or has otherwise been identified and brought to the attention of CDSS would be more effective in carrying out the purpose for which the regulations are proposed or would be as effective as and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

## **AUTHORITY AND REFERENCE CITATIONS**

Sections 10553, 10554, and 10604 of the Welfare and Institutions (W&I) Code give CDSS the authority to write these regulations and Sections 10063, 11265.1, 11265.2, 11265.3, 11450, 11450.5, 11155, and 11157.5 of the W&I Code are being referenced to make these regulations more specific.

## **CDSS REPRESENTATIVE REGARDING THE RULEMAKING PROCESS OF THE PROPOSED REGULATION**

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Backup:	Sylvester Okeke	(916) 657-2586